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# **Remarks Presented to the United States Chamber of Commerce and Association of American Chambers of Commerce in Latin America**

**By  
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## **Introduction**

I would like to share my thoughts on where we are in the Americas, where we want to be, and how we are going to get there. Specifically, I would like to talk to you about the opportunities for the region in light of President Bush's meeting with his democratically elected counterparts at the Special Summit of the Americas.

It is important to remember that twenty years ago, most Latin Americans lived under the oppressive rule of caudillos, military juntas, or communist dictatorships. Central America was a battlefield; states were torn by civil war. In several countries, dictators in Havana and Moscow stoked the fires of armed conflict. Elites and their interests dominated economic life.

Then as now, the United States and its allies and partners in the Americas stood for freedom. At the 20th anniversary celebration of the National Endowment for Democracy last November, President Bush recalled the struggles of that time and the leadership of his predecessor, Ronald Reagan. President Reagan's foreign policy was predicated on the simple proposition that democracy, not communism, was on the right side of human history. That was not settled question when President Reagan made that assertion, but I think it is fair to say that it has stood up pretty well over time. President Reagan urged us to have the courage of our convictions, to champion the cause of democracy and freedom around the world. Many believed that to be a simple take on a complicated world — that Central American campesinos and Eastern European workers cared little for and knew less about democracy.

Then as now, the cynics were wrong. The people of the Americas, with our support, broke the grip of the caudillos and the dictators, and they are undeniably better off for it. Today, all the countries of the Americas are governed by elected leaders except for Castro's Cuba. In the vast majority of countries today, chaos, unrest and war have given way to democracy and the rule of law. As President Bush has said, "Freedom honors and unleashes human creativity and creativity determines the strength and wealth of nations. Liberty is both the plan of Heaven for humanity, and the best hope for progress here on Earth."

What is remarkable about the progress we have made in this Hemisphere is that these values are hardly imposed by any one country on another. Instead, our entire inter-American community has committed to defend these values for all the peoples of the region. The same strategy for freedom that we are pursuing globally is at work close to home. We have important political, economic, and national security relationships with our neighbors, and they are and have been a priority for this Administration from day one. The geography we share creates natural economic relationships. Three of our top four foreign energy suppliers are in this Hemisphere. U.S. exports to Latin America have increased by almost 100 percent over the past decade, while our exports to the rest of the world have seen gains of less than 50 percent. Canada and Mexico are our first-

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and second-largest trading partners. The United States is a leading trading partner of every nation in the Western Hemisphere save Castro's Cuba.

Our economic relationships in the Western Hemisphere are important, and if they were all that we had at stake here, the region would demand our careful attention. But our political and security interests in the Americas are vital. As we fight the Global War on Terror, it is imperative that we have strong, democratic neighbors working with us to secure our borders and defend our common interests and shared values.

The idea of convening a Special Summit arose in response to emerging challenges confronting governments throughout the region. As you know, elected leaders in many countries are grappling with persistent political, economic, social, and, in some cases, ethnic problems. Several countries are threatened by terrorism and narcotics trafficking. Current economic growth rates in the region are inadequate to generate sufficient jobs for growing populations, let alone address chronic poverty. Corruption and inefficiency have stunted economic development and spawned disenchantment with the label "free market reforms" in many countries.

All these factors have combined to stir popular dissatisfaction and, in some cases, violent outbursts, which relatively new and fragile institutions of democracy have been hard-pressed to control. Although most elected leaders remain convinced that democracy and the free market must be part of any sustainable plan for development, many of their people are weary of waiting for their lives to get better and for their futures to get brighter. Soaring rhetoric does not meet down-to-earth demands for concrete action and tangible results.

So when the Special Summit was conceived, we were determined to ensure that it would not be a summit-for-summit's-sake, but instead, a focused business meeting between the leaders of the hemisphere with a practical agenda for people of the Americas that could be achieved in the near term. By that measure, the Special Summit was a success.

### **Hemispheric Leadership**

President Bush went to this Special Summit with specific proposals in three areas that will bring us closer to achieving those goals: fighting official corruption; stimulating economic growth; and improving health and education.

Even in relatively tough times, the macroeconomic indicators are starting to improve for our countries. That is good, but it is not enough, because none of us lives in the macro economy. We all live in the micro economy. So that is why we chose these practical themes for Monterrey: precisely because they are essential to priming the pump of economic growth and creating jobs. Let me explain what I mean.

### **Fighting Corruption**

We have made the fight against corruption a priority. Why? To set ourselves up as moral arbiters. Of course not. It is because the World Bank has identified corruption as "the single greatest obstacle to economic and social development" facing nations around the world. Their studies show that corruption cuts annual growth rates by as much as 1 percent. That is an enormous loss of national wealth that the Americas cannot afford.

At President Bush's urging, the Leaders gathered at Monterrey committed to:

- Strengthen a "culture of transparency" in the Americas,
- "Deny safe haven to corrupt officials, those who corrupt them, and their assets", and;
- Promote accountability in "public financial management, in government transactions and procurement processes and contracts."

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Furthermore, the Summit leaders agreed to hold consultations if adherence to the anti corruption objectives, as described in the Inter-American Convention Against Corruption, is “compromised to a serious degree” in any of the Summit countries. This language is particularly significant because it is the same formula that has been previously agreed to for bringing neighbors together and forging a consensus for intervention in the event that a nation’s democracy is threatened in the Americas. It represents the growing awareness in the region that corruption is a serious threat.

These agreements will complement steps the President has already taken. President Bush signed a Presidential Proclamation that bars corrupt officials from entering the United States. He has blessed a pilot project in Nicaragua that will strengthen its law enforcement capacity and promote civil society involvement in anti-corruption efforts. And as you know, the President has conditioned eligibility for our new aid initiative, the Millennium Challenge Account, on a demonstrated commitment to fight corruption.

### **Encouraging Economic Growth and Reducing Poverty**

Cracking down on public malfeasance is a part creating the right environment for growth. We have to remove the official and unofficial obstacles in the marketplace and give people in the Americas an opportunity to do better for themselves and their communities. That is why the Summit leaders adopted four proposals to encourage growth and reduce poverty. We agreed to reduce the time and cost of starting a business by the next Summit in 2005; support the Inter-American Development Bank’s goal of tripling the credit it provides for small and medium-sized businesses by 2007; cut by at least half the cost of sending remittances by 2008; and strengthen property rights by the next Summit in 2005. Finally, the Leaders reaffirmed that we will complete the Free Trade Area of the Americas on schedule, by January 2005.

Starting a business in the Western Hemisphere takes longer than anywhere else in the world. We know that small and medium-sized businesses are the primary engines of economic growth and job creation in successful economies all over the world. At Monterrey, Summit leaders agreed to cut the red tape that bars entrepreneurs from creating jobs.

Lack of credit is another serious obstacle to growing a business in the Americas. To many of our communities have inadequate financial services. With the Summit Leaders support, The Inter-American Development Bank will undertake a 300 percent expansion of the credit it provides through local banks to small and medium-sized businesses.

Remittances, the money sent by migrants working abroad to their families and friends at home, have tripled in the last six years and totaled more than \$32 billion in the Western Hemisphere in 2002. To give you an idea of the importance of remittances, that figure is more than four times the official development assistance to the region. For some countries in the region, remitted monies account for as much as 20 percent of gross domestic product (GDP). Yet, the region is losing approximately \$4 billion a year due to high transfer fees that average 12.5 percent. Leaders committed to cut that cost by at least half by 2008.

I should also add that the President’s initiative for fair and secure immigration is in part motivated by his understanding of how important foreign workers in the United States are to the region’s economy and our own. President Bush proposed a new temporary worker program to match willing foreign workers with willing U.S. employers when no Americans can be found to fill those jobs. The program would be open to new foreign workers and to the undocumented men and women currently employed in the U.S. This new program would allow workers who currently hold jobs to come out of hiding and participate legally in America’s economy. It is not an amnesty, and it will not encourage illegal acts. We believe this initiative and our work on remittances will be a great benefit to all the people of the Americas.

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We know from experience that a fair and orderly property rights system is the foundation of a market economy. In the United States, most peoples net worth is stored in their homes and real property. Without clear title to his own land, a person cannot use it to secure a loan, cannot even be sure that he could sell it, if the need arose. In some Latin American countries, half of all property is not officially recorded.

To empower the people of the Americas with ownership, leaders agreed to: ensure “enforceable, efficient, transparent, comprehensive and equitable rules governing property contracts;” and improve or promote policies and regulations governing “the transfer of property, property registries, the use of property as collateral, and the rights and responsibilities of debtors and creditors.” And we will take concrete actions toward this goal by the next Summit of the Americas in 2005. These measures are important steps that all the countries in the region must take to create the right conditions for long-term sustainable growth that will lift the standard of living for people from every walk of life. But even more needs to be done. To attract the capital that is required to improve infrastructure, create jobs, and reduce poverty, the region needs to open its economies to trade.

At Monterrey, the leaders welcomed recent progress made on the Free Trade Area of the Americas (FTAA) at the November, 2003 Ministerial in Miami and endorsed the Miami framework. The leaders also reaffirmed their shared interest in advancing the World Trade Organization’s Doha negotiations. The United States will also continue to pursue bilateral and multilateral free trade agreements within the region. Our free trade agreement with Chile entered into force on January 1, 2004. The Administration recently concluded FTA negotiations with Central America and has launched talks with the Dominican Republic.

This past fall, the Administration announced its intent to begin FTA negotiations with Panama and four Andean countries Colombia, Peru, Ecuador, and Bolivia. These FTAs, and those already in effect, will cover 68 percent of the GDP of the Americas. Each of these accords are building blocks in helping to construct a Free Trade Area of the Americas, which will be the world’s largest free trade area with thirty-four countries, almost 800 million consumers, and a \$13 trillion GDP.

### **Improving Health and Education**

These economic reforms are very important, but we also know that a comprehensive policy for creating prosperity for people of every walk of life must address the inadequacies in the healthcare and education systems. At the Special Summit Leaders agreed to two important measures in these vital areas:

- We will provide HIV/AIDS antiretroviral therapy to all who need it, with a focus on treating at least 600,000 individuals by 2005, and;
- Publishing school system performance reports by the 2005 Summit.

HIV/AIDS is a serious, if underreported, problem in the region. More than two million people are now living with HIV in Latin America and the Caribbean. More than 200,000 contracted HIV in the past year. HIV/AIDS threatens to overwhelm some already overtaxed healthcare systems. The President’s \$15 billion Emergency Plan for AIDS Relief focuses on the most afflicted countries in the world: Guyana and Haiti in the Western Hemisphere, and 12 countries in Africa. We have many partners in the fight against this deadly disease. The commitment of Summit Leaders at Monterrey to make greater efforts in treatment and prevention complements President Bush’s global AIDS initiative.

As you may know, President Bush and Brazil’s President Lula da Silva have launched a joint venture to improve HIV/AIDS treatment, care, and prevention in Portuguese-speaking Africa. Working together in the Americas and around the world, we will beat HIV/AIDS. In the same

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spirit, we must strive together to ensure that every child in the region gets a good education. President Bush believes that a good education is the foundation for creating economic growth, social advancement, and democratic progress.

At home, the President made education a priority through his “No Child Left Behind” initiative. He shares this commitment to providing a quality education with many leaders in Latin America and the Caribbean who understand that education is critical to achieving hemispheric prosperity and security, in addition to addressing the needs of people, especially the poor. Sadly, schools in Latin America are simply not educating the young. Almost half of the students in the region who enter primary school in the region fail to reach fifth grade, and only about 30 percent finish secondary school.

These failures exact a high price from our people and our national economies. A story in the Washington Post recently pointed out that, a generation ago, Mexico and South Korea ranked near the bottom in academic achievement among the thirty nations of the Organization for Economic Cooperation and Development.

Today, among people age twenty-five to thirty-four, Mexico ranks last in the same OECD studies, while South Korea has risen to No. 1. South Korea’s highly skilled workers produce some of the world’s most popular cars and electronics. However, despite its access to the world’s largest market, Mexico’s economy has not been retooled to make it more competitive for a new century. Education is where the race for competitiveness is one or lost. At Monterrey, leaders committed to publish performance assessments of their educational systems by the next Summit of the Americas.

To support this effort, the United States will provide help develop ten model Educational Performance Reports in the Western Hemisphere, including profiles of Venezuela, Peru, Nicaragua, the Dominican Republic, Honduras, Guatemala, El Salvador, Colombia, and regional reports on Central America and the Hemisphere as a whole.

### **Conclusion**

With the Millennium Challenge Account and the Free Trade Area of the Americas, the reforms and investments called for at the Special Summit offer a tried and true method for making real economic, political, and social progress in the Americas. It is in the best interests of the United States and of all the people of the Americas that we grow and prosper together in peace and freedom. Now, all that is required is that we make the hard choices that will transform commitment into achievement.